



CITY OF INGLEWOOD

OFFICE OF THE CITY MANAGER



DATE: August 27, 2014

TO: Oversight Board to the City of Inglewood as Successor Agency

FROM: City of Inglewood, as Successor Agency

SUBJECT: Directive of Oversight Board to Successor Agency to Terminate the Cooperation Agreement (R-11-001) by and between the City of Inglewood and the former Inglewood Redevelopment Agency dated January 25, 2011 and all Related Amendments.

RECOMENDATION

1. That the Oversight Board adopt a resolution directing the termination of the Cooperation Agreement (R-11-001) by and between the City of Inglewood and the former Inglewood Redevelopment Agency dated January 25, 2012 and all related amendments.
2. That, in accordance with a proposed order of the California State Controller's Office ("Controller's Office") as set forth in that certain draft "Inglewood Redevelopment Agency Asset Transfer Review" dated July 2014, the Oversight Board adopt a resolution disannulling and rescinding the purchase of the Hollywood Park Civic Center Site (the "HP Property") by the former Inglewood Redevelopment Agency ("Former Agency") from the City of Inglewood ("City") as authorized by Resolution R11-13; pursuant to which, the \$5,850,000 purchase price paid by the Former Agency to the City be returned to the Successor Agency and the HP Property returned to the City.

BACKGROUND INFORMATION

To further implement redevelopment goals, objectives and plans for the Merged Inglewood Redevelopment Project Area, the Former Agency and the City entered into a Cooperation Agreement dated January 25, 2011, as amended on February 15, 2011 and March 10, 2011 (collectively, the "Agreement"). Pursuant to the terms of the Agreement, the City agreed to undertake certain redevelopment responsibilities of the Former Agency and the Former Agency agreed to provide certain financial aid to the City for it to expeditiously carry out such responsibilities.

On March 9, 2011, the City conducted a purchase and sales transaction with the Former Agency in which sold the Hollywood Park Civic Center Site for \$5,850,000 with 2007 tax exempt bond funds. The proposed end-use of the HP Property by the Former Agency was restricted to either a community center or police out station.

DISCUSSION

As part of its audit former redevelopment agency responsibilities, the Controller's Office conducted an audit of the Former Agency assets and asset transfers. Based upon this audit, the Controller's Office prepared a draft "Inglewood Redevelopment Agency Asset Transfer Review" dated July 2014 ("Draft Audit Report") in which it concluded that because the Agreement was not an enforceable obligation it was non-enforceable and that subject to certain limitations, all Former Agency transactions involving asset transfers to the City arising from the Agreement were invalid and should be disannulled and rescinded. Although the Draft Audit Report has not yet been finalized, the Controller's Office has informed staff that the proposed order disannulling and rescinding the HP Property transaction between the Former Agency and the City will be included in its final audit report.

Therefore, consistent with and in anticipation of the finalization of the Draft Audit Report and the proposed order disannulling and rescinding the HP Property transaction between the Former Agency and the City, it is recommended that the Oversight Board take both of the actions referenced above.

FINANCIAL/FUNDING ISSUES AND SOURCES

Once returned to the Successor Agency, the \$5,850,000 will be placed back into the tax exempt bond account from which the funds were initially taken.

DESCRIPTION OF ANY ATTACHMENTS

- Attachment 1: Oversight Board Resolution Terminating the Cooperation Agreement.
- Attachment 2: Oversight Board Resolution Disannulling and Rescinding the HP Property Transaction between the Former Agency and City.

1 RESOLUTION NO OB-14-03

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3 A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR
4 AGENCY TO THE FORMER INGLEWOOD REDEVELOPMENT
5 AGENCY DIRECTING TERMINATION OF THE COOPERATION
6 AGREEMENT DATED JANUARY 25, 2011 BY AND BETWEEN THE
7 CITY OF INGLEWOOD AND THE FORMER INGLEWOOD
8 REDEVELOPMENT AGENCY.
9

10 WHEREAS, Assembly Bill x1 26 ("AB 26") and AB x1 27 ("AB 27") were passed
11 by the State Legislature on June 15, 2011, and signed by the Governor on
12 June 28, 2011, and made certain changes to the Redevelopment Law, including
13 adding Part 1.8 (commencing with Section 34161) and Part 1.85 (commencing with
14 Section 34170) ("Part 1.85") to Division 24 of the California Health and Safety Code
15 ("Health and Safety Code"); and

16 WHEREAS, the California Supreme Court in *California Redevelopment*
17 *Association v. Matosantos*, Case No. S194861 upheld the constitutionality of AB 26;
18 and determined AB 27 to be unconstitutional;
19

20 WHEREAS, Health and Safety Code section 34173(a) designates successor
21 agencies as successor entities to former redevelopment agencies; and

22 WHEREAS, upon the dissolution of the Inglewood Redevelopment Agency as
23 of February 1, 2012, the Inglewood Redevelopment Agency became the "Former
24 Redevelopment Agency" under Health and Safety Code section 34173(a); and

25
26 WHEREAS, pursuant to Health and Safety Code section 34173(d), the City of
27 Inglewood, as Successor Agency to the Former Inglewood Redevelopment Agency
28 ("Successor Agency") currently serves as the successor agency to the Former

1 Inglewood Redevelopment Agency pursuant to and confirmed by City Council
2 Resolution No.12-02 adopted on January 1, 2012; and

3 **WHEREAS**, the Successor Agency is engaged in activities necessary to wind
4 down the affairs of the Former Redevelopment Agency, and

5 **WHEREAS**, the City of Inglewood ("City") and Former Redevelopment Agency
6 entered into that certain Cooperation Agreement dated January 25, 2011, and related
7 amendments to that document dated February 15, 2011 and March 10, 2011
8 (collectively the "Agreement") which was approved by resolution R-11-001; and

9 **WHEREAS**, the Controller's Office for the State of California has conducted an
10 audit and determined that the Agreement is not an enforceable obligation pursuant to
11 the requirements of AB 26; and

12 **WHEREAS**, AB 26 requires that there shall be an oversight board ("Oversight
13 Board") established for each of the former California redevelopment agency's
14 successor agencies to supervise the activities of the Successor Agency relative to the
15 wind down of the affairs of the dissolved redevelopment agencies pursuant to AB 26;
16 and

17 **WHEREAS**, the Oversight Board now desires that the Agreement between the
18 City and the Former Redevelopment Agreement be terminated consistent with the
19 Controller's Office determination that the Agreement is an unenforceable obligation.

20 **NOW, THEREFORE**, the Oversight Board for the Successor Agency to the
21 Inglewood Redevelopment Agency does hereby resolve as follows:

22 **SECTION 1.** The Recitals set forth above are true and correct and are
23 incorporated into the Resolution by this reference.


24 **SECTION 2.** The Oversight Board hereby directs that the Agreement between
25 the City and the Former Agency Redevelopment Agency be terminated consistent with
26

1 the Controller's Office determination that the Agreement is an unenforceable
2 obligation..

3 **SECTION 3.** The Oversight Board Secretary shall certify as to the adoption of
4 this Resolution.

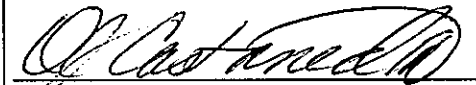
5 **SECTION 4.** This Resolution and termination of the Agreement shall take
6 effect immediately upon adoption of this Resolution.

7 **PASSED, APPROVED AND ADOPTED** by the Oversight Board to the
8 Successor Agency of the Inglewood Redevelopment Agency, at its meeting held on
9 the 27 day of AUGUST, 2014 by the following vote:

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14 James T. Butts, Jr, Chairman
15 City of Inglewood
16 Former Redevelopment Agency
17 Oversight Board

18 ATTEST:

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20 Olga Castaneda, Deputy Clerk
21 County of Los Angeles Board of Supervisors
22 Acting as Secretary to the City
23 of Inglewood Former Redevelopment
24 Agency Oversight Board
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WHEREAS, Assembly Bill x1 26 ("AB 26") and AB x1 27 ("AB 27") were passed by the State Legislature on June 15, 2011, and signed by the Governor on June 28, 2011, making certain changes to the Redevelopment Law, including adding Part 1.8 (commencing with Section 34161) and Part 1.85 (commencing with Section 34170) ("Part 1.85") to Division 24 of the California Health and Safety Code ("Health and Safety Code"); and

WHEREAS, Health and Safety Code section 34173(a) designates successor agencies as successor entities to former redevelopment agencies; and

WHEREAS, pursuant to Health and Safety Code section 34173(d), the City of Inglewood, as Successor Agency to the Former Inglewood Redevelopment Agency (“Successor Agency”) currently serves as the successor agency to the Former

1 Inglewood Redevelopment Agency pursuant to and confirmed by City Council
2 Resolution No.12-02 adopted on January 1, 2012; and

3 **WHEREAS**, the City of Inglewood, as Successor Agency is engaged in
4 activities necessary to wind down the affairs of the Former Redevelopment Agency;
5 and
6

7 **WHEREAS**, the City of Inglewood ("City") and Former Redevelopment Agency
8 entered into a transaction in which the Former Redevelopment Agency purchased
9 certain real property known as the Hollywood Park Civic Center Site ("HP Property")
10 from the City for a purchase price of \$5,850,000 (the "Transaction") authorized by
11 Resolution Number R11-13; and
12

13 **WHEREAS**, the Controller's Office for the State of California has conducted a
14 review and concluded that the Transaction should be disannulled and rescinded such
15 that the purchase price of \$5,850,000 paid by the Former Inglewood Redevelopment
16 Agency be returned to the Successor Agency and the HP Property be returned to the
17 City; and

18 **WHEREAS**, AB 26 requires that there shall be an oversight board ("Oversight
19 Board") established for each of the former California redevelopment agency's
20 successor agencies to supervise the activities of the Successor Agency relative to the
21 wind down of the affairs of the dissolved redevelopment agencies pursuant to AB 26;
22 and

23 **WHEREAS**, the Oversight Board now desires that the Transaction between the
24 City and the Former Redevelopment Agreement involving the HP Property be
25 disannulled and rescinded consistent with the Controller's Office determination and
26 restoring the respective parties, or their assignees, to the same position they were
27 prior to the effectuation of the Transaction.
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1 **NOW, THEREFORE**, the Oversight Board for the Successor Agency to the
2 Inglewood Redevelopment Agency does hereby resolve as follows:

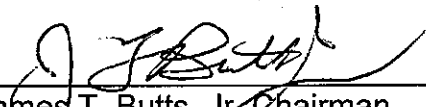
3 **SECTION 1.** The Recitals set forth above are true and correct and are
4 incorporated into the Resolution by this reference.

5 **SECTION 2.** The Oversight Board hereby directs that the HP Property
6 Transaction between the City and the Former Redevelopment Agency be disannulled
7 and rescinded with the purchase price of \$5,850,000 previously paid by the Former
8 Redevelopment Agency returned to the Successor Agency, and the HP Property
9 returned to City ownership.

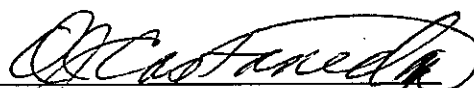
10 **SECTION 3.** The Oversight Board Secretary shall certify as to the adoption of
11 this Resolution.

12 **SECTION 4.** This Resolution and the disannulment and rescission of the HP
13 Transaction shall take effect immediately upon adoption of this Resolution.

14 **PASSED, APPROVED AND ADOPTED** by the Oversight Board to the
15 Successor Agency of the Inglewood Redevelopment Agency, at its meeting held on
16 the 27 day of AUGUST, 2014 by the following vote:

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20 James T. Butts, Jr, Chairman
21 City of Inglewood
22 Former Redevelopment Agency
23 Oversight Board

24 ATTEST:

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26 Olga Castaneda, Deputy Clerk
27 County of Los Angeles Board of Supervisors
28 Acting as Secretary to the City
 of Inglewood Former Redevelopment
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